

Tom Dorman, Executive Director
Kentucky Public Service Commission
Box 615
211 Sower Blvd
Frankfort, KY 40602-0615

Re: PSC Case No. 2003-0284
November 13, 2003

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PUBLIC SERVICE
COMMISSION

Dear Mr. Dorman:

On September 30, 2003 I submitted the attached list of questions to Mallard Point Disposal Systems. As of today, November 13, 2003, I have not received any response from Mallard Point Disposal Systems to those questions.

Let the official record indicate that Mallard Point Disposal Systems did not answer the following questions:

**Questions for Case 2003-00284 Mallard Point Disposal Systems, Inc.
(Originally Submitted September 30, 2003)**

Questions for Mallard Point Disposal Systems, Inc.

1. In the Application for Rate Adjustment under Maintenance – Labor Charlie Hanson's pay is listed for every month and every month is different. With pay ranging from \$1025 a month to \$3100 a month this hardly seems like a salary. If no log is kept of hours worked how is the monthly pay determined? Please explain how Mr. Hannon is paid.
2. In the Application for Rate Adjustment in the Maintenance section there is a reimbursement to Charlie Hanson of \$5,146. Please provide an explanation and documentation of the reimbursement.
3. In your response to the PSC Interrogatory NO. 1 you state that the records necessary for a detailed listing of items purchased from Straffen Sales no longer exist. I talked with Straeffe Pump & Supply, 6100 Oak Grove Rd., P.O. Box 5246, Evansville, IN 44715, (812) 476-3075, and they said they would be happy to supply MPDS with an itemized listing of all items purchased in 2002. Please contact them and supply the information requested in the interrogatory.
4. In your response to the PSC Interrogatory No. 2 You state that the records necessary to identify items purchased from Southern States no longer exist. Please contact Southern States and have them provide you with the information necessary to answer Interrogatory NO. 2.
5. In your response to the PSC Interrogatory NO. 3, please contact American Express and get the information necessary to answer the question.
6. In your response to the Assistant Attorney General Interrogatory NO. 5 you explain the real estate transactions of February and June, 2003. I went to the Scott County PVA office and found the following:
 - a. The 12 horse barn has a fair cash value of \$36,000.
 - b. Property tax on the barn was billed to Mallard Point Development LLC

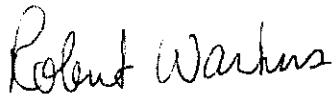
- c. There are 3 steel buildings on the 5.65 acres with a fair cash value of \$49,200.
 - d. When the 5.05 acres was split from the 5.65 acres the three metal buildings were all on the 5.05 acres.
1. How can the first transaction have a certified value of \$25,000?
 2. How can the second transaction have a certified value of \$20,000?
 3. Was an appraisal performed on either of the transactions?
 4. By inference if the 5.65 acres was worth \$25,000 and the 5.05 acres was worth \$20,000, then the .6 acres must be worth \$5,000. How can .6 acres of undeveloped land be worth \$5,000 when 5.05 acres of land with 3 steel buildings with a fair cash value of \$49,200 not to mention the value of the land is only worth \$20,000?
 5. KRS 382.990 Paragraph 8 states "Any person who willfully and fraudulently gives false statement as to the full actual consideration of property or the full estimated value under KRS 382.135, shall be guilty of a Class D Felony." If the portable horse barn was not disclosed on the February 26, 2003 Deed as part of the actual consideration, how is this transaction in compliance with KRS 382?
7. In response to Angela M. Beall's Interrogatory No. 1 you state that the supporting documentation is unavailable. Ask your accountant. That's what you pay him for. Please answer the question.
 8. In response to Angela M. Beall's Interrogatory No. 2. You state that you are unable to explain the difference in fixed assets. Please ask your accountant to explain the difference.
 9. In response to Angela M. Beall's Interrogatory No. 3 you state that you are unable to explain the difference in depreciation expense. Please ask your accountant to explain the difference.
 10. In response to Angela M. Beall's Interrogatory No. 4 you state that documentation no longer exists to support this. Either find the information necessary to support this expense or remove it from the application.
 11. Please have you accountant provide a sworn statement explaining how all of MPDS's records were inadvertently destroyed.
 12. In your response to Marvin Baker's Interrogatory NO. 1 You state there were 331 total customers as of December 31, 2002. In Interrogatory NO. 2 you list 342 customers. In Interrogatory NO. 3 you list 14 customers added in 2003. If you subtract the 14 from the 342 you get 328. If you then add Northern Elementary which is not on the list, I come up with 329 total customers. What is the total number of customers?
 - a. 322
 - b. 328
 - c. 329
 - d. 331
 - e. None of the above

13. If MPDS objects to the identification of it's customers to protect their privacy why did it provide the names of 8 of its customers?
14. In response to Marvin Baker's Interrogatory NO. 4 and Faircloth & Marlowe's Interrogatory NC. 16 You object to the parts of the interrogatory that seeks information regarding Mr. Hanson's activities, hours worked, and compensation for Mallard Point Services on the grounds that it is neither relevant or leads to the discovery of admissible evidence. I contend that Mr. Hanson is being paid by MPDS for work he is performing for Mallard Point Services. Mallard Point Services had a contract with Mallard Point Owners Association of approximately \$150,000 annually to cut grass and plow snow among other things. During the growing season residents of Mallard Point see Charlie on a tractor mowing the grass and in the winter we see him driving the plow. Unless you can provide documentation that Mallard Point Services is providing Mr. Hanson with separate compensation for the work he performs for Mallard Point Services. I think it only appropriate to request the PSC to reduce the labor expenses for Mr. Hanson by 75% as his time spent cutting grass and plowing snow is inflating the expenses of MPDS thus increasing our rates. Please provide documentation from Mallard Point Services to show that Mr. Hanson is being paid for the services he performs.
15. In response to Marvin Baker's Interrogatory NO. 2 you refer him to the Attorney General's answer which does not contain the addresses or phone numbers. Please provide the addresses and phone numbers.
16. In Marvin Baker's Document Request NO. 1 you state that the tax returns requested have been destroyed. Please contact the IRS and Kentucky Revenue Cabinet and ask them to supply you with copies of the lost tax returns so that you can respond to the question.
17. If Mr. Noel Norton has a company name please provide that name.
18. In response to Marlowe & Faircloth's Interrogatory NO. 1 who assembles the information provided to Mr. Louis Lazorwitz?
19. In response to Marlowe & Faircloth's Interrogatory NO. 4 you state that that MPDS's answers to the Attorney General's request are correct and that the total 2002 income disclosed to the PSC is also correct yet there is \$4,501 discrepancy between the two numbers. Please explain how they can both be correct.
20. In response to Marlowe & Faircloth's Interrogatory NO. 5 you are unable to explain the differences between the annual report totals and the Scott County School invoices. You state that it may have been a miscalculation on the part of your accountant Mr. Lazorwitz. It seems highly unlikely that he could make calculations for the last 3 years all totaling exactly \$4,000. Please have your accountant provide an explanation of how he arrived at the commercial revenues he reported on the annual reports for 1998 through 2002.
21. In response to Marlowe & Faircloth's Interrogatory NO. 13 you state that Mr. Norton's primary duties are set forth in Baker's request for Production of Documents NO. 10 but there are no duties listed there. Please provide a list of duties.
22. In response to Marlowe & Faircloth's Interrogatory NO. 28 you state that the fair cash value of the transactions was by mutual agreement of the parties to that transaction. Is that the appropriate way to determine fair cash value?

I have forwarded copies of this document to the following people on the Service List for Case 2003-00284.

Marvin Baker
Doug & Angela Beall
Winston Faircloth
Cullen C. Gault
Carl Jason
Charles F. Knapp
Bob & Judith Marlowe
Honorable James M. Moorey
Ronald & Kristy Nail
Quinn & Traci Richter
Honorable Davis Edward Spenard, Assistant Attorney General
Peggy & Jeron van der Gaag

Sincerely,

A handwritten signature in black ink that reads "Robert Warhus". The signature is written in a cursive style with a large, stylized "R" and "W".

Robert H. Warhus
130 Greenwing Ct
Georgetown, KY 40324
502 863-5807